

# Substantial Amendment to 2015-2019 Five-Year Consolidated Plan and 2019 Annual Action Plan for CDBG-CV

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*The Coronavirus Aid, Relief and Economic Security Act (CARES Act) (Public Law 116-136) makes available supplemental Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) funding for grants to prevent, prepare for, and respond to the coronavirus pandemic. Additionally, the CARES Act provides grantees with flexibilities that make it easier to use CARES Act and fiscal years 2019 and 2020 funds for coronavirus response and authorizes HUD to grant waivers and alternative requirements.*

The U.S. Department of Housing and Urban Development (HUD) has announced the allocations of \$5 billion in the CARES Act for the CDBG program.

The State of Arkansas anticipates receiving \$26,387,954 in “Rounds 1, 2 and 3” grant funds from HUD to be amended into the 2019 Annual Plan.

The Arkansas Economic Development Commission has prepared an outline of the planned substantial amendment to the 2019 Annual Action Plan and has presented the draft for public review and comment. It may be viewed online at [www.arkansasedc.com/grants](http://www.arkansasedc.com/grants). Also available at this site is the Citizen Participation Plan, which has been updated to include approved waiver flexibilities including waiving 30-day public comment at 24 CFR 91.115(c)(2) and (i) for a no less than 5-day public comment period, as well as waiving requirements at 24 CFR 91.115, which allows the state to determine what constitutes reasonable notice and opportunity to comment given their circumstances.

Per approved waiver, the comment period will extend for five (5) days beginning October 12, 2020 and ending October 16th, 2020, at 4:30 p.m. Public comments will be considered in the final draft of the Substantial Amendment of the AAP, which is planned to be submitted to HUD by October 23, 2020. To be considered in the final plan, oral or written comments must be received during the five-day public comment period and may be addressed to: Arkansas Economic Development Commission, Attn: Grants Division, 1 Commerce Way, Suite 601, Little Rock, AR 72202, or by e-mail to [JNoble@ArkansasEDC.com](mailto:JNoble@ArkansasEDC.com). The deadline to submit comments is 4:30 p.m., October 16, 2020.

The Arkansas Consolidated Plan Committee will have one virtual public hearing on the Substantial Amendment and update to the citizen participation plan. Comments will be updated to the plan once made and available.

## **AP-15 – Expected Resources**

CDBG-CV1: \$10,814,424

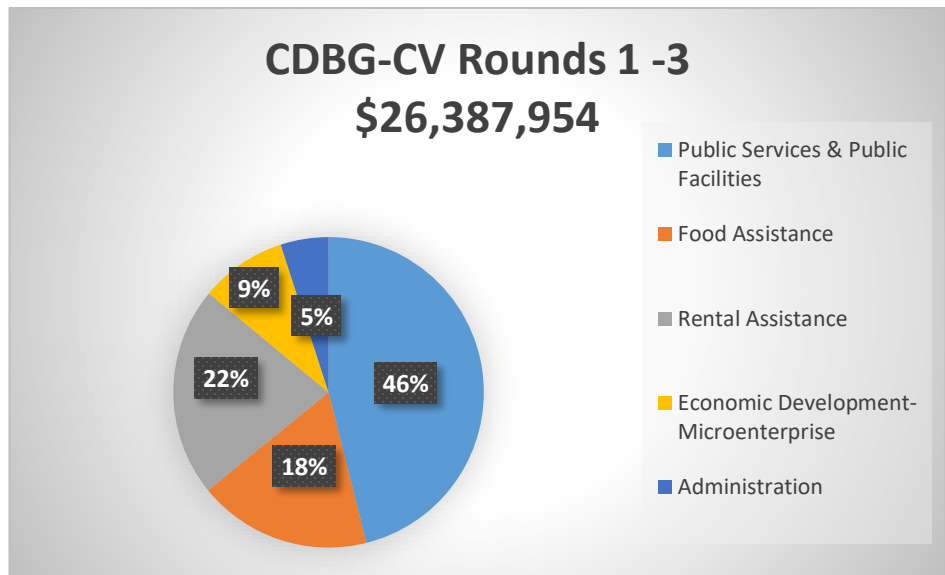
CDBG-CV2: \$8,210,252

CDBG-CV3: \$7,363,278

Total CDBG-CV Allocation: \$26,387,954

**AP 30 – Method of Distribution**

Non-Entitlement Local Government Set-Aside: Public Services and Public Facilities	46%	\$ 12,218,424
Food Assistance	18%	\$4,680,000
Rental Assistance	22%	\$5,760,000
Economic Development-Microenterprise	9%	\$2,410,133
State Administration 5%	5%	\$1,319,397
<b>Total CDBG-CV Allocation</b>		<b>\$ 26,387,954</b>



**CDBG-CV: Public Services and Public Facilities**

An amount equal to the CDBG-CV1 Allocation (\$10,818,424) along with a dedicated homeless shelter set-aside of \$1,400,000 will be made available to and set-aside for non-entitlement units of general local government through a competitive application process, for a variety of public services and public facility activities determined by those non-entitlement governments to be unmet needs, which directly prevent, prepare for, and respond to the coronavirus pandemic. Usage of the first allocation of funds include availability of funding to units of local government (UGLGs) for public services (e.g., meals on wheels programs, employment training, assistance to food banks, health services, etc.), and public facilities, and direct assistance to microbusinesses.

Examples of Eligible Activities:

**Buildings and Improvements, Including Public Facilities**

- Acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements;
  - Construct a testing and diagnosis, or treatment facility;

- Rehabilitate a community facility to establish an infectious disease treatment clinic;
- Acquire and rehabilitate, or construct, a group living facility that may be used to centralize patients undergoing treatment.
- Rehabilitation of buildings and improvements (including interim assistance)
  - Rehabilitate a commercial building or closed school building to establish an infectious disease treatment clinic, e.g., by replacing the HVAC system.
  - Acquire, and quickly rehabilitate (if necessary) a motel or hotel building to expand capacity of hospitals to accommodate isolation of patients during recovery.
  - Make interim improvements to private properties to enable an individual patient to remain quarantined on a temporary basis.

**Provision of new or quantifiably increased public services.**

- Carry out job training to expand the pool of health care workers and technicians that are available to treat disease within a community.
- Provide testing, diagnosis or other services at a fixed or mobile location.
- Increase the capacity and availability of targeted health services for infectious disease response within existing health facilities.
- Provide equipment, supplies, and materials necessary to carry-out a public service.
- Deliver meals on wheels to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities.

**Other Uses/Examples:**

- Provide personal protective equipment (PPE) to first responders.
- Broadband equipment or other technology necessary for in-person or remote learning or to help meet need of schoolchildren or other residents working or learning from home.
- Equip technology and community colleges to increase capacity for job retraining for those unemployed as a result of COVID-19.
- Rehabilitation or expansion of homeless shelters to increase the ability to quarantine possibly infected/infected individuals.
- Rehabilitation or expansion of a facility to establish a food bank location.
- Rehabilitation or construction of community facility space to provide access to needs and services related to the impacts of COVID-19.

CDBG-CV funding is reserved for use in preventing, preparing for and/or responding to the outbreak of coronavirus in Arkansas. As with all CDBG program dollars, funding must also primarily address the unique needs of low- and moderate-income persons (i.e., less than 80% area median income), and 70% of the funds must be used to meet this National Objective, benefit to LMI persons. Other projects may qualify under Urgent Need.

**CDBG-CV: Food Assistance**

CDBG-CV funds in the amount of \$4.68 million will be made available, through a partnership and Subaward Agreement with the Arkansas Hunger Relief Alliance (“the Alliance”), the only statewide anti-hunger organization in our state. The Alliance works with the six Feeding America food banks, hundreds of food pantries, school districts, senior centers, out of school programs, companies, and elected officials. The Alliance works in multiple ways: securing food for food banks, serving as lead partner for the No Kid Hungry campaign,

assisting with SNAP outreach, teaching low-income families how to shop and cook healthy on a budget, and advocating for food policies to help those they serve.

Given the extraordinary need due to the coronavirus pandemic, and based on what the Alliance is seeing with the distribution of CARES Act and other funds, and the amount of time over which these funds will be distributed, the Alliance suggests the following as the method of distribution of CDBG-CV funds, which will be more specifically detailed in the Subaward Agreement:

State Food Purchasing Program	34%	\$1,600,000
Agency and Food Bank Grants	17%	\$811,300
Arkansas Beef Project	31%	\$1,460,000
Out of School Programs	13%	\$600,000
Administration	5%	\$208,700
<b>Total Food Assistance Set-Aside</b>		<b>\$ 4,680,000</b>

**CDBG-CV: Rental Assistance**

This proposal is designed to support Arkansas Community Action Agencies to provide short-term rent assistance to individuals and families in Arkansas who are experiencing housing instability, as well as landlords who are experiencing a loss of revenues due to the economic impact of the COVID-19 pandemic and the temporary halt by the CDC on residential evictions to help prevent further spread of the virus.

CDBG-CV funds in the amount of \$5.76 million in partnership through a Subaward Agreement to the Arkansas Community Action Agencies Association (ACAAA), to provide the payment of actual rent (up to FMRV) for up to 2.5 months. This set-aside is designed to support the provision of short-term rental assistance to individuals and families statewide who are experiencing housing instability, as well as landlords who are experiencing loss of revenues due to the economic impact of the COVID-19 pandemic and the temporary halt by the CDC on residential evictions to help prevent further spread of the virus. This proposal includes implementation of the Arkansas Fresh Start COVID-19 Housing Stabilization Program by the statewide network of Arkansas Community Action Agencies, with program and communications support, and training and technical assistance to be provided by the Arkansas Community Action Agencies Association.

It is also expected that the State will provide an additional \$4.24 million in Coronavirus Relief Funds (CRF) funding to the program, bringing the total expected program funding up to \$10 million.

Eligibility and Restrictions on funds will be more thoroughly detailed in Policies and Procedures, and the Subaward Agreement. The AEDC Grants Division will oversee payments to and documentation of eligible costs from the Arkansas Fresh Start COVID-19 Program.

**Proposed Funding for Arkansas Fresh Start COVID-19 Housing Stabilization Program**

Purpose	Dollar Amount or Percentage
Direct Services to Households (via direct payments to Landlords)	\$5,190,000

Community Action Agencies (for Administrative and Program Costs)	\$576,000 = 10% of agency allocation (Allocation amount based on existing Community Services Block Grant Allocation Formula)
Arkansas Community Action Agencies Association for Program Costs, Administration, Coordination, and Oversight	\$288,000 = 5% of CDBG-CV allocation

**CDBG-CV: Microenterprise Assistance**

Up to \$2,410,133 will be made available in a set-aside for non-entitlement local governments to apply for activities to provide assistance to microenterprises (5 or fewer employees, including owner). This set-aside will be included in the above “CDBG-CV Public Services and Public Facilities,” competitive round. Eligible activities include:

**Assistance to Businesses, including Special Economic Development Assistance**

- Provision of assistance to microenterprises.
  - Provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.
  - Provision of assistance to private, for-profit microenterprises, when appropriate to carry out an economic development project.
  - Avoid job loss caused by business closures related to social distancing by providing short-term working capital assistance to small businesses to enable retention of jobs held by low- and moderate-income persons.